



Dublin San Ramon  
Services District  
*Water, wastewater, recycled water*

# Pension and OPEB Unfunded Accrued Liabilities (UAL)

## Board of Directors Meeting March 4, 2025

Ken Spray, Finance Director

# Retirement Pension and Medical Plans

- CalPERS pension plan
  - Classic - members before January 1, 2013
  - PEPRA - members on or after January 1, 2013
- Trust for other post-employment benefits (OPEB)
  - Medical and dental - vested employees hired before July 1, 2014
  - Medical only - vested employees hired on or after July 1, 2014
- Plan liabilities > plan assets = unfunded liabilities



# Pension UAL

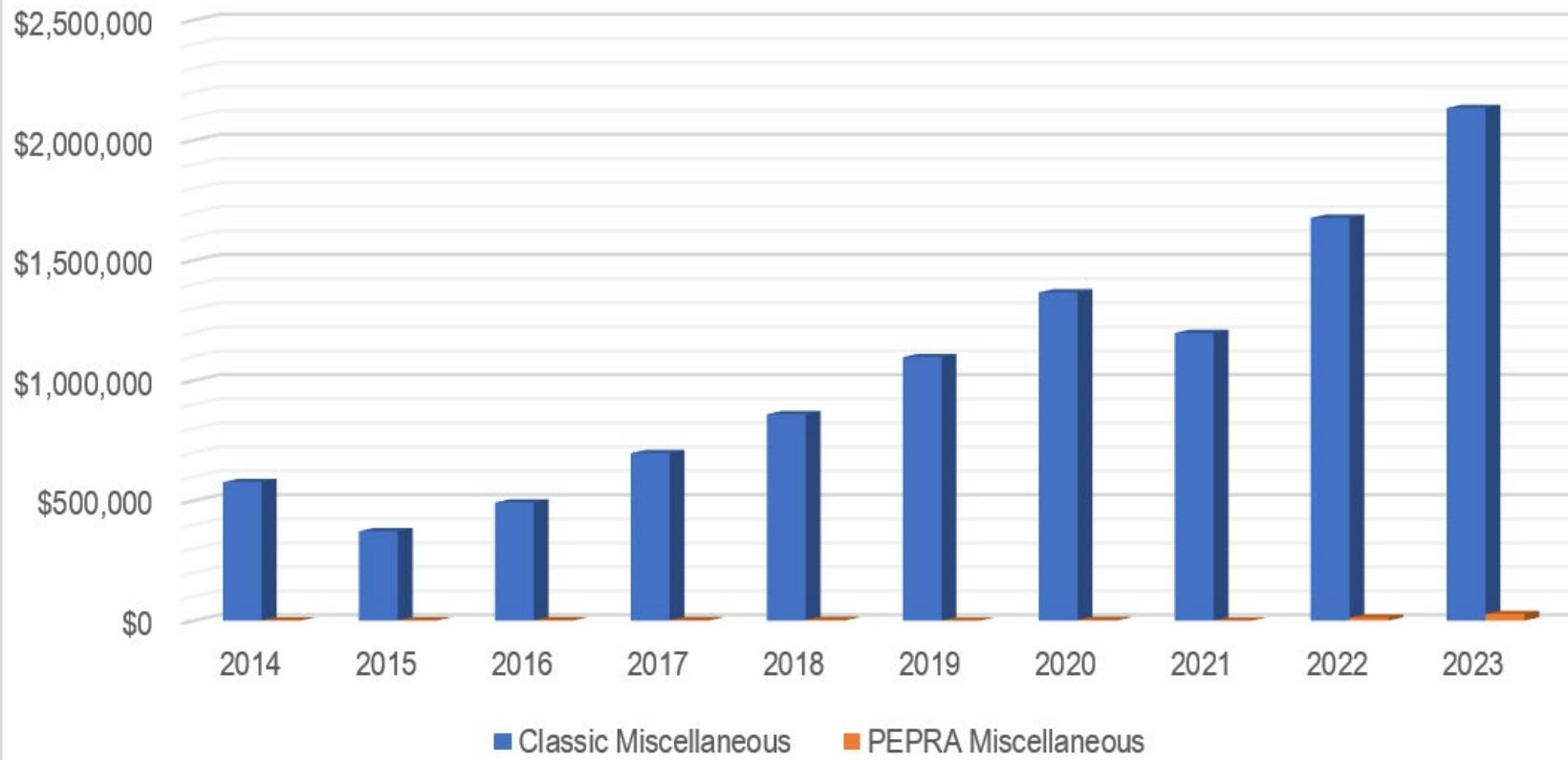
- CalPERS prepares actuarial valuation reports annually
- UAL emerges when a plan's investment performance differs from actuarial assumptions
- UAL changes annually according to investment performance versus assumptions
- Each source of UAL forms a base amortized over 20 years



# Pension UAL Contributions

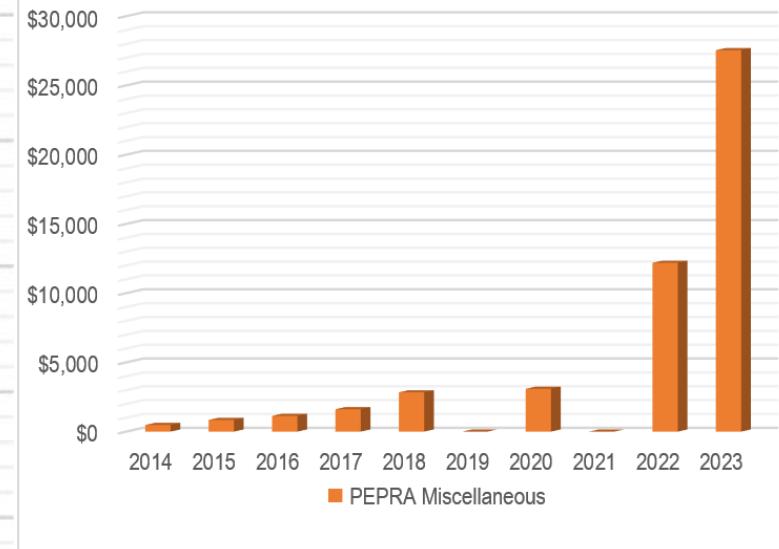
## Employer Contribution History

(UAL payments by valuation years)



## PEPRA Contributions Only

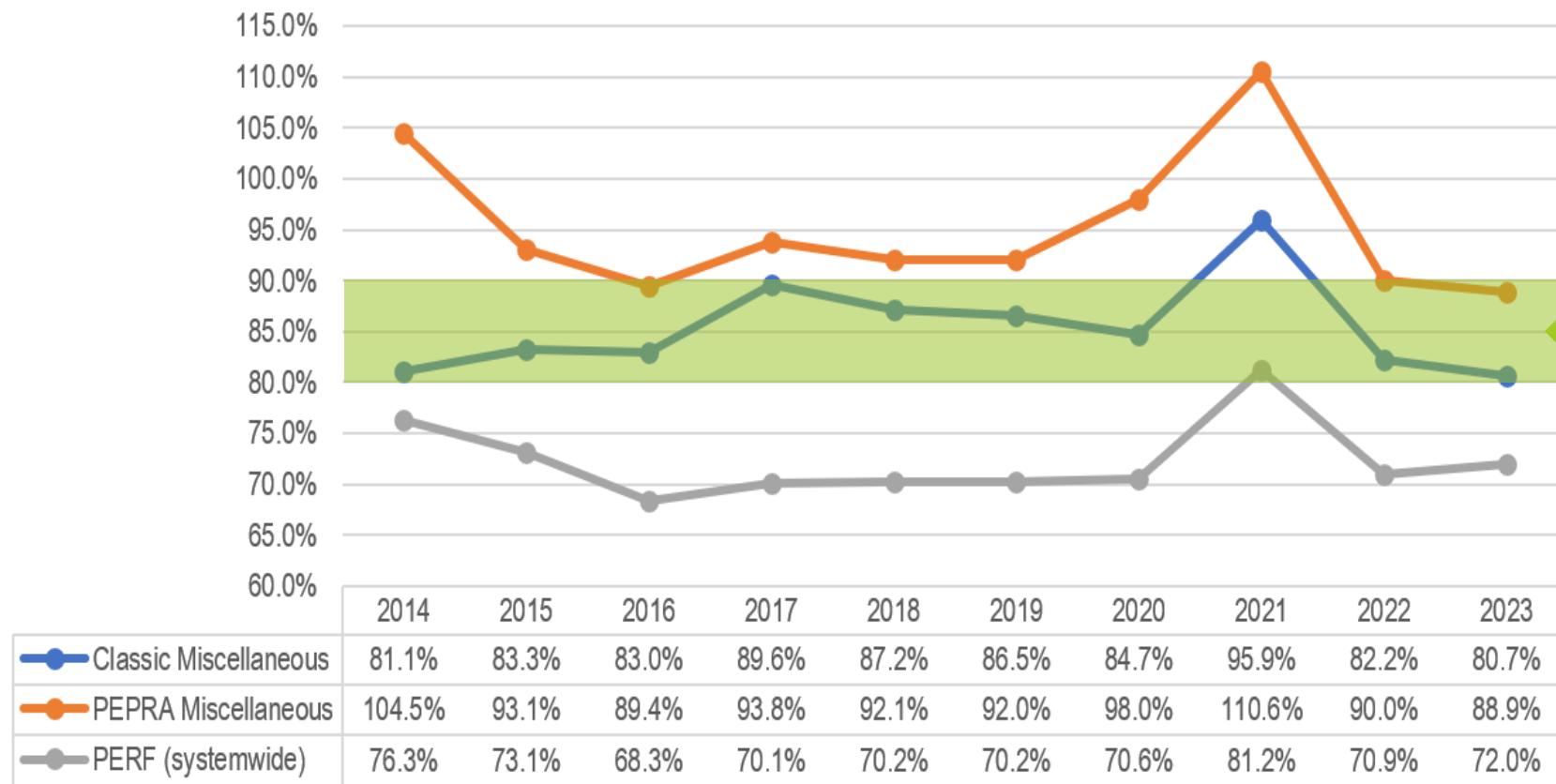
(UAL payments by valuation years)



# Pension Funded Ratio

## Historical Funded Ratio

(valuation as of June 30 of each year)



# Managing Pension UAL

- Pay UAL contribution amount with an annual prepayment in a lump sum for savings over monthly payments
- Allow gains to offset aggregate losses
- Make additional discretionary payments



# OPEB UAL

- Actuarial valuation every two years
  - \$73,661 overfunded to \$3,804,758 unfunded
  - 100.3% funded ratio to 88.3%
- Reasons for reduction in funded ratio
  - More claims
  - Higher healthcare costs
  - Lower investment returns
- Liabilities amortized over 30 years



# OPEB Investment Strategies

- CERBT offers three strategies
  - Strategy 1 - Aggressive
  - Strategy 2 - Moderate
  - Strategy 3 - Conservative
- DSRSD utilizes CERBT Strategy 2
  - Discount rate of 5.6% as of June 20, 2023
  - Expected return of 6.1% as of December 31, 2024
- Higher expected return reduces UAL



# Classic Pension UAL Summary

- Classic UAL pension contributions are increasing
- Classic plan is closed to new entrants
- Finite number of members will decrease over time
- All new employees are in PEPRA and do not increase Classic UAL
- 60% DSRSD employees in PEPRA and 40% in Classic



# Next Steps

- No recommended action this evening
- Board to discuss additional discretionary payments during budget workshop in May

**UAL  
funded ratios  
above 80%**

**Classic 80.7%**  
**PEPRA 88.9%**  
**OPEB 88.3%**



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# Questions?

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